



STEVE COOLEY  
LOS ANGELES COUNTY DISTRICT ATTORNEY

---

18000 CLARA SHORTRIDGE FOLTZ CRIMINAL JUSTICE CENTER  
210 WEST TEMPLE STREET LOS ANGELES, CA 90012-3210 (213) 974-3501

April 10, 2007

The Honorable Board of Supervisors  
County of Los Angeles  
383 Kenneth Hahn Hall of Administration  
500 West Temple Street  
Los Angeles, California 90012

Dear Supervisors:

**AUTHORIZE THE DISTRICT ATTORNEY TO ACCEPT 14<sup>th</sup> YEAR GRANT  
FUNDS FROM THE STATE OF CALIFORNIA, DEPARTMENT OF  
INSURANCE (SCDI) FOR THE WORKERS' COMPENSATION INSURANCE  
FRAUD (WCIF) PROGRAM FOR FISCAL YEAR (FY) 2006-07  
(ALL DISTRICTS) (4-VOTES)**

**IT IS RECOMMENDED THAT YOUR BOARD:**

1. Adopt the enclosed Resolution authorizing the District Attorney to accept grant funds for the WCIF Program from SCDI. Funds in the amount of \$4,145,333 have been awarded for the period of July 1, 2006 to June 30, 2007. There is no required County match for this grant.
2. Authorize the District Attorney to execute the Grant Award Agreement (GAA) on behalf of the County of Los Angeles.
3. Authorize the District Attorney or his designee, on behalf of the County of Los Angeles, to serve as project director and to sign and approve any revisions to the GAA that do not increase the net County cost of the agreement.
4. Approve the attached Budget Adjustment (BA) in the amount of \$559,000 for FY 2006-07, to allocate the spending authority necessary to operate the program. The BA amount represents the difference in the grant award and the amount already budgeted in FY 2006-07.

5. Authorize the District Attorney's Office, pursuant to County Code Section 6.06.020, to hire two (2.0) Deputy District Attorney (DDA) IV positions, one (1.0) DDA III, and one (1.0) Senior Investigator, pending allocation by the Chief Administrative Office.

#### **PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION**

The SCDI has awarded funding for the WCIF Program for the past thirteen years. On April 28, 2006 the District Attorney's Office submitted an application to SCDI to continue funding for the WCIF Program in FY 2006-07 and \$4,145,333 was awarded. The grant will be used solely for the investigation and prosecution of workers' compensation fraud cases, and cases relating to the willful failure of employers to remit payments into workers' compensation programs designed to protect employees.

As part of the GAA, SCDI requires an approved resolution by the County's Board of Supervisors. The enclosed resolution has been approved as to form by County Counsel.

#### **Implementation of Strategic Plan Goals**

Acceptance of the grant funds supports the County's Strategic Plan Goal No. 4, Fiscal Responsibility, by securing available revenue to offset program costs. This program directly supports the District Attorney's core mission of prevention, deterrence and prosecution of felony crime throughout the County.

#### **FISCAL IMPACT/FINANCING**

The amount of \$4,145,333 has been awarded to the Los Angeles County District Attorney's Office for the WCIF Program for the period of July 1, 2006 to June 30, 2007. In addition, \$264,150 has been approved in carryover funding from 2005-06, for a total program allocation of \$4,409,483 in FY 2006-07, of which \$3,850,000 is already budgeted. The attached BA in the amount of \$559,000 represents the difference between the total grant funds and the 2006-07 budgeted amount. The additional appropriation allocated in this BA will provide the additional positions needed to successfully implement the program. There is no net County cost associated with this program.

This grant will fully fund 26 full-time and 4 part-time positions.



If funding for this program were terminated, an evaluation would be conducted to determine whether the program would either be continued with costs absorbed by the department, or discontinued with the reallocation of staff to vacant budgeted positions.

#### **FACTS AND PROVISIONS/LEGAL REQUIREMENTS**

Pursuant to the provisions of Section 1872.83 of the California Insurance Code, the State Department of Insurance is authorized to award and distribute funds to District Attorneys submitting plans approved by the Bureau of Fraudulent Claims for the increased investigation and prosecution of fraudulent workers' compensation claims.

The objective of the Los Angeles County District Attorney's Workers' Compensation Insurance Fraud Program is the prevention, deterrence and prosecution of those who abuse the workers' compensation system by criminal methods.

Since 2003-04, the WCIF Program has reported the following:

	<u>FY03-04</u>	<u>FY04-05</u>	<u>FY05-06</u>
Number of suspected fraud claims reviewed	908	786	506
Number of new (investigation) cases	98	134	163
Number of new case filings/indictments initiated	44	39	107
Number of defendants convicted	49	32	43

There were a total of 130 cases in progress during FY 2005-06. These included 136 defendants and total chargeable fraud of \$4,372,162. This represents an increase in caseload compared to FY 2004-05 when 70 cases were in progress with 124 defendants and total chargeable fraud of \$6,784,056.

#### **IMPACT ON CURRENT SERVICES (OR PROJECTS)**

Pursuant to your Board motion of December 15, 1998, the Alternate Public Defender, Probation, Public Defender, and Sheriff's Departments have been notified of this request. Responses received from the Probation and Sheriff departments indicated the increased staffing would not impact their services.

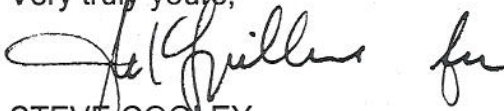
The Alternate Public Defender stated that two additional Grade III Attorneys are required to handle the increased workload that will be generated by the WCIF Program. The Public Defender estimated that one additional Deputy Public Defender IV is required to handle additional workload that will be generated by the WCIF Program.

The Honorable Board of Supervisors  
April 10, 2007  
Page Four

**CONCLUSION**

Following Board approval of this program, the Executive Officer-Clerk of the Board is requested to call Ms. Emily Aidells of the Contracts and Grants Unit at (213) 202-7674 or Ms. Corina Calixto at (213) 202-7653 when one (1) copy of the adopted Board letter and two (2) copies of the executed Resolution, containing original signatures are ready for pick-up. Any questions may be directed to Ms. Aidells.

Very truly yours,

A handwritten signature in cursive script, appearing to read "Steve Cooley", followed by the word "for" in a smaller, simpler script.

STEVE COOLEY  
District Attorney

al

Enclosures

c: Chief Administrative Officer  
County Counsel

1                                   **BOARD OF SUPERVISORS**  
2                                   **COUNTY OF LOS ANGELES**  
3                                   **RESOLUTION**

4                                   Authorization to Accept a Grant Award from the  
5                                   State of California, Department of Insurance  
6                                   Pursuant to California Insurance Code  
7                                   Chapter 12 commencing with Section 1871, et seq.

8                                   **WHEREAS**, the provisions of Section 1872.8 of the California  
9 Insurance Code authorize the State Department of Insurance to award and  
10 distribute certain funds to district attorneys submitting plans approved by the  
11 Bureau of Fraudulent Claims for the increased investigation and prosecution  
12 of fraudulent workers' compensation claims; and the District Attorney is  
13 charged with providing prosecution of all felony offenses committed within  
14 this County; and

15                                  **WHEREAS**, the Board of Supervisors of Los Angeles County  
16 recognizes that fraudulent claims are costing our citizens millions of dollars  
17 annually, with thousands of jobs being lost due to local business closures  
18 precipitated by escalating workers' compensation costs caused by fraud; and

19                                  **WHEREAS**, the County of Los Angeles, acting through its Board  
20 of Supervisors, desires to combat workers' compensation insurance fraud by  
21 undertaking a certain project designated the "Workers' Compensation  
22 Insurance Fraud Program" by the District Attorney to be funded through  
23 funds made available by the Insurance Fraud Prevention Act as provided for  
24 pursuant to California Insurance Code 1872.83, administered by the  
25 California Department of Insurance; and

26                                  **WHEREAS**, the State of California Department of Insurance approved  
the fraud reduction plan submitted by the Los Angeles County District Attorney's



1 any extensions, execution and submission of amendments, progress reports,  
2 and payment requests relating to the Grant Award Agreement;

3 **I DO HEREBY CERTIFY** that at a regular meeting of the Board of  
4 Supervisors of the County of Los Angeles, on this \_\_\_\_\_ day of  
5 \_\_\_\_\_, 2007, the forgoing Resolution was adopted.

6 **IN WITNESS WHEREOF**, I have hereunto set my hand and  
7 affixed the seal of the Board of Supervisors of the County of Los Angeles  
8 this \_\_\_\_\_ day of \_\_\_\_\_, 2007.

9  
10  
11 County of Los Angeles

12 By \_\_\_\_\_  
13 Chair, Board of Supervisors

14 **SACHI A. HAMAI**  
15 Executive Officer-Clerk of the  
16 Board of Supervisors of the  
17 County of Los Angeles

18 By \_\_\_\_\_  
19 Deputy

20 **APPROVED AS TO FORM**  
21 **BY COUNTY COUNSEL:**

22 **RAYMOND G. FORTNER, JR.**

23 By   
24 Deputy

**Los Angeles County Chief Administrative Office  
Grant Management Statement for Grants Exceeding \$100,000**

**Department: District Attorney**

**Grant Project Title and Description Workers' Compensation Insurance Fraud Program**

The objective of this program is to enhance the identification, investigation and prosecution of organized workers' compensation insurance fraud. These grant funds will allow the District Attorney's Office to continue its collaborative efforts with the State of California, Department of Insurance (SCDI) to investigate and prosecute unscrupulous doctors, chiropractors, lawyers and others engaged in workers' compensation insurance fraud in Los Angeles County.

**Funding Agency**  
California Department of  
Insurance

**Program (Fed. Grant # /State Bill or Code #)**  
California Insurance Code Section  
1872.83

**Grant Acceptance Deadline**

**Total Amount of Grant Funding: \$4,145,333**

**Grant Period: FY2006-2007 Begin Date: July 1, 2006**

**Number of Personnel Hired Under This Grant: 30**

**County Match: \$0**

**End Date: June 30, 2007**

**Full Time: 26 Part Time: 4**

**Obligations Imposed on the County When the Grant Expires**

Will all personnel hired for this program be informed this is a grant-funded program? Yes ☒ No ☐

Will all personnel hired for this program be placed on temporary ("N") items? Yes ☒ No ☐

Is the County obligated to continue this program after the grant expires? Yes ☐ No ☒

If the County is not obligated to continue this program after the grant expires, the Department will:

a). Absorb the program cost without reducing other services Yes ☐ No ☒


b). Identify other revenue sources Yes ☐ No ☒  
(Describe) \_\_\_\_\_

c). Eliminate or reduce, as appropriate, positions/program costs funded by the grant. Yes ☒ No ☐

**55 Impact of additional personnel on existing space: None**

**Other requirements not mentioned above: None**

**Department Head Signature**

 for Steve Cooky Date \_\_\_\_\_  
DA.

COUNTY OF LOS ANGELES  
REQUEST FOR APPROPRIATION ADJUSTMENTDEPT'S. 370  
No.

DEPARTMENT OF District Attorney's Office

March 22, 2007

## AUDITOR-CONTROLLER.

THE FOLLOWING APPROPRIATION ADJUSTMENT IS DEEMED NECESSARY BY THIS DEPARTMENT. WILL YOU PLEASE REPORT AS TO ACCOUNTING AND AVAILABLE BALANCES AND FORWARD TO THE CHIEF ADMINISTRATIVE OFFICER FOR HIS RECOMMENDATION OR ACTION.

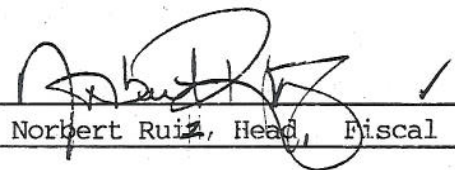
## ADJUSTMENT REQUESTED AND REASONS THEREFOR

FY 2006-07

4 - VOTES

SOURCESDistrict Attorney  
Revenue - Workers' Compensation Insurance Fraud (WCIF)  
A01 - DA - 14030 - 88 - 89B - 8831  
Amount - \$559,000USESDistrict Attorney  
Salaries & Employee Benefits  
A01 - DA - 14030 - 1000  
Amount - \$524,000District Attorney  
Services & Supplies  
A01 - DA - 14030 - 2000  
Amount - \$35,000JUSTIFICATION

This Budget Adjustment allocates the unbudgeted revenue from the State of California Department of Insurance (SCDI) for the Workers' Compensation Insurance Fraud (WCIF) program. The additional appropriation will provide sufficient funds for the additional positions needed to successfully implement the program.

  
Norbert Ruiz, Head, Fiscal Services

CHIEF ADMINISTRATIVE OFFICER'S REPORT

REFERRED TO THE CHIEF  
ADMINISTRATIVE OFFICER FOR—

ACTION

RECOMMENDATION

AUDITOR-CONTROLLER

BY

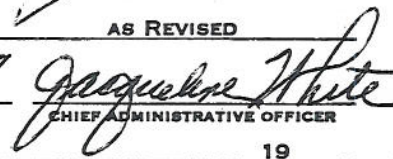
No. 206

03-26 2007

APPROVED AS REQUESTED

AS REVISED

March 27 2007

  
Jacqueline White  
CHIEF ADMINISTRATIVE OFFICERAPPROVED (AS REVISED):  
BOARD OF SUPERVISORS

19

BY

DEPUTY COUNTY CLERK